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# DEFENSE LOGISTICS

## Strategic Planning Weaknesses Leave Economy, Efficiency, and Effectiveness of Future Support Systems at Risk



G A O

Accountability \* Integrity \* Reliability

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## Report Documentation Page

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| <b>Abstract</b><br>Since the end of the Cold War, the Department of Defense has dramatically reduced its fighting forces and logistics infrastructure. The Department estimates it is spending about \$59 billion a year on logistics support 1 programs to operate and sustain weapon systems, 2 but it reports that significant reductions can be achieved by adopting a variety of different logistics support practices. We reported in January 2001 that serious weaknesses persist throughout the Departments logistics activities and that it is unclear to what extent ongoing reengineering management improvement initiatives will overcome them. 3 The Department has taken a number of significant steps in recent years directed at improving its outdated and inefficient logistics processes. Specifically, the Office of the Secretary of Defense and each of the military services and appropriate Defense commands have established a number of significant logistics reengineering efforts. In addition, the Office of the Secretary of Defense developed the Fiscal Year 2000 Logistics Strategic Plan in August 1999, which outlines six overall objectives, a basic |                           |  |
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United States General Accounting Office  
Washington, DC 20548

October 11, 2001

The Honorable Carl Levin  
Chairman  
The Honorable John Warner  
Ranking Minority Member  
Committee on Armed Services  
United States Senate

The Honorable Bob Stump  
Chairman  
The Honorable Ike Skelton  
Ranking Minority Member  
Committee on Armed Services  
House of Representatives

Since the end of the Cold War, the Department of Defense has dramatically reduced its fighting forces and logistics infrastructure. The Department estimates it is spending about \$59 billion a year on logistics support<sup>1</sup> programs to operate and sustain weapon systems,<sup>2</sup> but it reports that significant reductions can be achieved by adopting a variety of different logistics support practices. We reported in January 2001 that serious weaknesses persist throughout the Department's logistics activities and that it is unclear to what extent ongoing reengineering management improvement initiatives will overcome them.<sup>3</sup> The Department has taken a number of significant steps in recent years directed at improving its outdated and inefficient logistics processes. Specifically, the Office of the Secretary of Defense and each of the military services and appropriate Defense commands have established a number of significant logistics reengineering efforts. In addition, the Office of the Secretary of Defense developed the Fiscal Year 2000 Logistics Strategic Plan in August 1999, which outlines six overall objectives, a basic

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<sup>1</sup> The Department of Defense defines "logistics support" as planning and carrying out the movement and maintenance of forces.

<sup>2</sup> The Department does not routinely capture these costs in its accounting and estimating systems. However, beginning in 1999, the Undersecretary of Defense for Acquisition, Technology, and Logistics used a contractor to estimate the amount of funds DOD spends annually on logistics support.

<sup>3</sup> *Major Management Challenges and Program Risks: Department of Defense* (GAO-01-244, Jan. 2001).

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framework for a Department-wide logistics concept, and a general time frame for implementation. The plan required that the military services, the Defense Logistics Agency, and the U.S. Transportation Command develop supporting implementation plans that reflect the vision, objectives, and metrics outlined in the Department-wide plan.

The House Committee on Armed Services report on the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Report 106-616) requires that we assess the Department of Defense's long-range logistics strategic planning process. As agreed with your offices, we focused our review on the Department-wide Logistics Strategic Plan and the Defense components' supporting implementation plans. Specifically, this report addresses whether (1) the Department's Logistics Strategic Plan provides an adequate overarching logistics strategy to guide the reengineering initiatives of the military services, the Defense Logistics Agency, and the U.S. Transportation Command and (2) the related implementation plans prepared by those components are likely to result in overall improvements to the economy and efficiency of logistics activities. Our scope and methodology are discussed in appendix II. The Department of Defense is currently engaged in a strategic review of its warfighting goals, objectives, and capabilities that, when completed, could influence the way it approaches logistics support and strategic planning.

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## Results in Brief

The Department of Defense's Logistics Strategic Plan is not sufficiently comprehensive and does not provide an adequate overarching logistics strategy to effectively guide the Defense components' logistics plans. The plan, which is organized around six broad objectives and associated generic performance measures, is very general and does not provide a cohesive planning strategy for developing future logistics systems. Also, the objectives and actions outlined in the plan are almost exclusively related to supply and inventory management issues and do not fully address several other critical logistics functions, such as maintenance and transportation. Specifically, the plan does not adequately address (1) all aspects of the logistics life-cycle process, (2) how the Department should be organized in the future to fulfill evolving logistics requirements, or (3) the facilities and personnel the Department anticipates it will need to fulfill its future logistics requirements. Furthermore, the Department's long-range initiative to design a logistics architecture for the years 2010 and beyond is progressing slowly, and it is not clear how this initiative will fit into the Department's overall future logistics strategy set forth in the strategic plan.

While the military services, the Defense Logistics Agency, and the U.S. Transportation Command each developed separate logistics transformation plans and other implementation plans to support the Department-wide Logistics Strategic Plan, these plans also have a number of fundamental weaknesses and are, therefore, not likely to result in overall improvements to the economy, efficiency, and effectiveness of logistics activities. Specifically, these plans (1) are not always consistent with the actions in the Defense-wide plan; (2) are not directly related to the Defense-wide plan or to each other; and (3) do not contain some key management elements needed to develop an effective management framework for measuring progress, such as performance measures and specific milestones. Table 1 identifies the six strategic objectives set forth in the Department-wide strategic plan, along with stated performance measures and a summary of our analyses regarding the weaknesses in the components' implementation actions.

**Table 1: Defense-wide Objectives and Performance Measures and a Summary of Weaknesses in the Components' Implementation Plans**

| Objective/action   | Performance measure  | Weakness in components' plans   |
|--|--|---|
| 1. Optimize support to the warfighter. <ul style="list-style-type: none"> <li>Military components will determine existing mission capable rates within the specified time frame.</li> </ul>  | Mission capable rates  | The definitions and metrics regarding mission capable rates are not consistent. In many cases, the plans lack specific performance measures.                                    |
| 2. Improve strategic mobility to meet warfighter requirements. <ul style="list-style-type: none"> <li>Increase cargo airlift capacity and sealift surge and afloat preposition capacity to meet current Department guidance.<sup>a</sup></li> <li>Develop a measurement approach and appropriate targets for mobility infrastructure and mobility process improvements.</li> </ul> | Airlift, sealift, and afloat preposition capacity and mobility infrastructure and process improvements | The plans do not define a consistent strategy that recognizes the interrelationship of the various initiatives and do not include the necessary metrics to measure progress.    |
| 3. Implement customer wait time <sup>b</sup> as the Department-wide logistics metric. <ul style="list-style-type: none"> <li>Refine the definition of "customer wait time," develop appropriate measures, and implement them.</li> </ul>   | Customer wait time   | The definitions and metrics regarding customer wait time are not consistent.  |
| 4. Fully implement total asset visibility across the Department of Defense. <ul style="list-style-type: none"> <li>View information on the identity and status of Defense material and assets.</li> <li>In some cases, complete a business transaction using that information.</li> </ul>  | Total asset visibility   | The components are relying on asset visibility systems that have not been fully developed. Consequently, performance targets and measures have not been defined.                |
| 5. Reengineer and modernize applicable logistics processes and systems. <ul style="list-style-type: none"> <li>Develop logistics processes/systems modernization plans by the end of FY 2001.</li> </ul>   | Components' logistics system modernization plans   | The components' initiatives are generally not directly linked to the Department-wide Logistics Strategic Plan or to each other. Additionally, the plans generally lack adequate |

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| Objective/action  | Performance measure                   | Weakness in components' plans   |
|---|---------------------------------------|---|
| <ul style="list-style-type: none"> <li>Increase the proportion of modernized logistics business systems according to those plans by the end of fiscal year 2006.</li> </ul>   |                                       | performance measures.   |
| 6. Minimize logistics costs while meeting warfighter requirements. <ul style="list-style-type: none"> <li>Reduce the overall costs of logistics support for selected weapon systems by fiscal year 2006.</li> </ul> | Weapon system support cost reductions | The plans do not identify which weapon systems the components are focusing on to reduce logistics costs and do not include adequate performance measures. |

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<sup>a</sup>Current guidance is Mobility Requirements Study (MRS-05).

<sup>b</sup>Customer wait time is the total elapsed time between issuance of a customer order and satisfaction of that order.

We are recommending that the Department revise the August 1999 Department-wide Logistics Strategic Plan to include a more detailed framework for organizing logistics support throughout the Department and for guiding the components' logistics planning and implementation efforts. We are also recommending that the Office of the Secretary of Defense establish a mechanism for ensuring that the components' implementation plans include key management elements for measuring progress, such as performance measures and detailed milestones. In its written comments on a draft of this report, the Department agreed with our recommendations and stated that it will initiate corrective actions.

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## Background

The Department of Defense understands that a comprehensive transformation of its logistics structures, processes, and supporting information systems is necessary to improve its customer services and reduce the cost of support. To lead this transformation, the Department established the Logistics Reform Senior Steering Group—comprised of senior officials from the Joint Staff, the military services, the Defense Logistics Agency, and the U.S. Transportation Command—to develop its Fiscal Year 2000 Logistics Strategic Plan. This plan was designed during a series of workshops that focused the collective attention and resources that the Department believed were necessary for achieving its key objectives. This top-leadership effort concentrated on developing a common mission, vision, and associated performance goals. To meet the Department of Defense goal to have a successful logistics transformation, the Logistics Reform Senior Steering Group prescribed the following specific “success criteria.”

- Optimize cycle times—acquisition, supply, maintenance, transportation, and distribution.



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- Manage the total life-cycle through integration of acquisition and logistics processes.
  - Meet deployment and sustainment requirements across the full spectrum of military operations.
  - Guarantee joint total asset visibility through fully integrated, secure information systems, with asset visibility being the capability for users to view information on the identity and status of Defense material assets and, in some cases, complete a business transaction using that information.
  - Meet or exceed the Department of Defense logistics metrics and cost-reduction goals.

To address the above criteria, the Logistics Strategic Plan includes six broad objectives developed by the Logistics Reform Senior Steering Group to assist logistics managers in planning and executing the Department's priority initiatives for transforming logistics. The objectives are as follows:

- Optimize support to the warfighter.
- Improve strategic mobility to meet warfighter requirements.
- Implement customer wait time as the Department-wide logistics metric.
- Fully implement total asset visibility across the Department of Defense.
- Reengineer and modernize applicable logistics processes and systems.
- Minimize logistics costs while meeting warfighter requirements.

The Department's Fiscal Year 2000 Logistics Strategic Plan directed the services and Defense commands to develop implementing plans that reflect the vision, objectives, and metrics of the Department-wide plan. The plan also specified that the implementing strategies and related plans are governed in content and format by the provisions of the Government Performance and Results Act of 1993 (P.L. 103-62), commonly referred to as the Results Act. As such, these plans should include detailed actions, performance measures, completion dates, and resource requirements. To support the implementation of the Logistics Strategic Plan, the Deputy Secretary of Defense directed the military services, the Defense Logistics Agency, and the U.S. Transportation Command in a March 23, 2000, directive entitled the Department of Defense Reform Initiative #54, to establish logistics transformation plans for submission to the Office of the Secretary of Defense. This directive also provided guidance for the preparation of these plans, which were intended to serve as vehicles for aligning the military component initiatives, documenting their approach for achieving the objectives in the Department's Logistics Strategic Plan, and obtaining resources. Appendix I provides an overview of the logistics reengineering initiatives that each of the components is individually pursuing as part of its transformation plan.

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We reported in December 1996<sup>4</sup> that the Department's 1994 version of its Logistics Strategic Plan contained similar weaknesses to those outlined in this report. Specifically, we reported that the 1994 version of the plan did not adequately (1) link the action plans to resource requirements, (2) link the services' and the Defense Logistics Agency's plans to the strategic plan, or (3) identify interim approaches that could be developed and implemented when milestones of a priority strategy had been extended. Other related GAO reports and testimonies are listed on the last page of this report.

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### The Department-wide Logistics Strategic Plan Does Not Provide an Adequate Overarching Logistics Strategy

While the Department-wide Logistics Strategic Plan outlines six key objectives and a general time frame for implementation, it is not sufficiently comprehensive and does not provide an adequate framework for guiding the military services', the Defense Logistics Agency's, and the U.S. Transportation Command's logistics reengineering initiatives.<sup>5</sup> Specifically, the plan does not address the logistics lifecycle process from acquisition through support and system disposal.

In addition, the Department's plan does not specify how the Department will be organized in the future to fulfill the logistics requirements that will be needed to support the National Military Strategy or how the Department will eventually attain a new logistics structure. The Department's plan identifies that the logistics vision is that, by fiscal year 2006, the joint logistics process will be a highly efficient, integrated system that ensures required support to the warfighter. This vision, however, does not identify the logistics requirements the Department will have to fulfill, how it will be organized to fulfill these requirements, or who will be responsible for providing specific types of logistics support. Furthermore, while the Department will likely face further changes in size and structure in the near future, its strategic plan has not identified the logistics facilities or personnel it will need to support future logistics requirements and has not specified a process for determining what resources it will need. Without addressing all logistics functions, as well as these facilities and personnel requirements through its strategic planning process, the

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<sup>4</sup> *Logistics Planning: Opportunities for Enhancing DOD's Logistics Strategic Plan* (GAO/NSIAD-97-28, Dec. 18, 1996).

<sup>5</sup> We previously reported in our Performance and Accountability Series in January 2001 that the Department's plan is very general and does not provide a cohesive planning strategy for developing future logistics systems (GAO-01-244, Jan. 2001).

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Department will be unable to identify the resources (i.e., maintenance facilities, storage capacity, transportation assets, and depot personnel) it will need to support the Department's future logistics concepts.

In assessing the Logistics Strategic Plan, we also reviewed the relationship between the Department's logistics architecture initiative and the strategic plan. The architecture initiative is intended to provide a strategic framework to synchronize logistics improvements for the years 2010 and beyond and to define a Department-wide logistics organization. In a previous report<sup>6</sup> on the Department of Defense's reengineering initiatives, we identified that in October 1999, the Department established the Office of the Assistant Deputy Under Secretary of Defense for Logistics Architecture to oversee defense logistics reengineering efforts. This office was given responsibility for designing a logistics system for business processes, physical infrastructure, and information technologies, as well as for defining the services' responsibilities within the new logistics architecture. With the assistance of a contractor, the Office began work on an integrated logistics architecture that was intended to facilitate the implementation of reengineered logistics support processes and procedures. To some extent, this logistics concept was intended to address the logistics facilities and personnel requirements.

This project has progressed slowly and it is not clear how it will fit into the Department's Logistics Strategic Plan. A planned report on the contractor study has not yet been completed. Further, according to defense officials, this planning effort may be refocused to incorporate the vision of the Department's new leadership regarding how future logistics planning should proceed. The title of the office overseeing this effort has been changed to the Assistant Deputy Undersecretary of Defense for Logistics Plans and Programs and its stated mission has been expanded to cover the entire future logistics environment. The Office is pursuing an approved long-term logistics planning strategy and plans to identify specific operational efforts to undertake to move the Department along toward achieving that strategy. Nonetheless, service planning officials expressed concerns regarding the realism of this study effort and the extent to which the proposed concept would work in wartime. They also questioned how this effort fits in with other planning initiatives, such as the Logistics Strategic Plan. Therefore, it is too early for us to determine whether this

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<sup>6</sup> *Defense Logistics: Actions Needed to Enhance Success of Reengineering Initiatives* (GAO/NSIAD-00-89, June 23, 2000).

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new concept for logistics support planning is an effective one, whether it will be accepted throughout the Department, and whether it will be feasible for future implementation.

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## The Components' Plans Lack Necessary Elements for Improving Logistics Management

While each of the military services, the Defense Logistics Agency, and the U.S. Transportation Command prepared implementation plans<sup>7</sup> in the form of transformation plans and other documents to support the Logistics Strategic Plan, these plans will not likely result in overall improvements to the economy and efficiency of logistics activities. We found that these plans (1) are not always consistent with the actions in the Defense-wide plan, (2) are not directly related to the Defense-wide plan or to each other, and (3) do not contain some key management elements as outlined in the Results Act,<sup>8</sup> such as performance measures and specific milestones. According to officials in the Office of the Secretary of Defense, the components' plans were generally a summation of ongoing initiatives reformatted to support the Department-wide generic objectives and did not include any new initiatives. According to Air Force officials, one contributing factor to this lack of any new initiatives was that the approximately 3 months the components were given to prepare their implementation plans was insufficient given the scope of the task.

## Implementation Plan Weaknesses

The military services, the Defense Logistics Agency, and the U.S. Transportation Command have initiated implementation actions to address the Department's six objectives set forth in the Department-wide strategic plan. Tables 2 through 7 outline the six strategic objectives and the stated performance measures and provide a summary of the weaknesses we identified in the corresponding parts of the components' implementation plans. A more detailed discussion of our findings related to each objective follows the individual tables.

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<sup>7</sup> Unlike the other military components, the U.S. Transportation Command's plan focused primarily on objective 2—improve strategic mobility to meet warfighter requirements—and, to a lesser extent, objective 4—fully implement joint total asset visibility.

<sup>8</sup> The Results Act provides the primary guiding principles that agencies should use to develop a successful management framework. Its key elements require each agency to (1) define its mission and goals, (2) develop quantifiable performance measures that will indicate how well goals are being achieved, and (3) include a description of required resources (i.e., staff operational roles, skills, schedules, and other costs). Additionally, the Results Act requires agencies to report actual performance against performance goals, the reasons certain goals were not met, and future actions they plan to take to meet these goals.

**Table 2: Objective One—Optimize Support to the Warfighter**

| Objective/action  | Performance measures  | Weakness in components' plans  |
|---|-----------------------|--|
| Optimize support to the warfighter. <ul style="list-style-type: none"> <li>Military components will determine existing mission capable rates within the specified timeframe.</li> </ul> | Mission capable rates | The definitions and metrics regarding mission capable rates are not consistent. In many cases, the plans lack specific performance measures. |

While we found that each component, with the exception of the U.S. Transportation Command, addressed this objective, mission capable rates are not defined and/or measured the same among the components. For example, to measure mission capable rates, the Army plans to use the percent of equipment that is fully mission capable and the revised readiness report for tracking mission capable rates. These readiness reports are embedded in the development of the Army's Global Combat Support System. However, this system has not been fielded Army-wide. The Air Force, on the other hand, uses historical and forecasted aggregate aircraft mission capable rates to measure readiness and has implemented four initiatives to improve logistical support to the warfighter—aircraft spare parts availability, informational advancements, reengineered logistical support concepts, and supply chain management. Many of the Marine Corps initiatives to support this objective are still under development. The Navy included a sample of 12 ongoing initiatives to support this objective. These initiatives, however, are not directly linked to defining or measuring mission capable rates. For example, the Navy's One-Touch Support initiative allows a customer to use the Internet to access the supply system, identify the location and status of stock, and input requisitions. The Navy has predicted that the upgraded version will be an electronic single point of entry that will link Navy users via the Internet to over 20,000 suppliers and manufacturers.

The military components have not fully defined specific performance measures that can be used to monitor the implementation of actions that will meet the Department's objective. The measures are generally not specified or are under development. For example, the Army plans to utilize its revised readiness reports when available. However, these reports will be developed at a later date based on an ongoing Army War College study being conducted at the request of the Army's Deputy Chief of Staff for Logistics. The Air Force states that its current best measure is logistics response-time days. However, the Department is transitioning from the logistics response-time measurement to customer wait time. The Marine Corps developed draft metrics during a working group session that was

completed in May 2000. The operational performance of the Navy’s One Touch Support initiative is measured by the number of “logins” by the customer and the number of “hits” experienced by the program.

**Table 3: Objective Two—Improve Strategic Mobility to Meet Warfighter Requirements**

| Objective/action   | Performance measure  | Weakness in components’ plans  |
|--|--|--|
| Improve strategic mobility to meet warfighter requirements. <ul style="list-style-type: none"><li>• Increase cargo airlift capacity and sealift surge and afloat preposition capacity to meet current Department guidance.</li><li>• Develop a measurement approach and appropriate targets for mobility infrastructure and mobility process improvements.</li></ul> | Airlift, sealift, and afloat preposition capacity and mobility infrastructure and process improvements | The plans do not define a consistent strategy that recognizes the interrelationship of the various initiatives and do not include the necessary metrics to measure progress. |

The military components have not established the necessary metrics to measure progress toward a successful implementation of this objective or defined a strategy that recognizes the interrelationship of the components’ initiatives. With regard to the components’ initiatives, the Army and Air Force, for example, are relying on the future outcome of the Mobility Requirements Study. The Department believes this study is the absolute key to determining its strategic mobility requirements. However, the expected completion date is not until fiscal year 2005. The Army is also relying on the future deployment of its Transportation Coordinator Automated Information for Movement System II. This system is intended to provide automation support to warfighters during deployment, sustainment, and redeployment operations and to provide source data to strategic command and control systems to increase the visibility of in-transit personnel and items during those operations. However, the Army has encountered delays in the development of this system and fielding will not be completed until September 2007. We reported in February 2000<sup>9</sup> that a critical \$22.7-million software requirement was unfunded and could further delay the project’s completion. The Army’s Transformation Plan indicates that some of these requirements are still unfunded.

The Defense Logistics Agency states in its transformation plan that objective two does not apply to them. We agree with their position since

<sup>9</sup> *Defense Inventory: Plan to Improve Management of Shipped Inventory Should Be Strengthened* (GAO/NSIAD-00-39, Feb. 22, 2000).

this agency’s mission does not directly involve mobility issues. While the U.S. Transportation Command has initiated many actions, the successful implementation of these actions has been hindered by inadequacies in the Department’s transportation systems. For example, in order for the U.S. Transportation Command to execute its global mission in support of a National Military Strategy, a healthy and robust Defense transportation system infrastructure, including all mobility assets and critical nodes (i.e. installations, depots, rail/highway networks, air bases including en route bases, and seaports) is required worldwide. The continued decline of the U.S. flag merchant marine fleet and the maritime industry may affect the Command’s ability to meet peacetime and wartime Defense requirements. Therefore, the success of the Command’s initiatives depends largely on the services’ actions.

We found that in most cases the military services, the Defense Logistics Agency, and the U.S. Transportation Command have not identified performance measures to indicate a successful implementation of objective two. The proposed measures that were outlined simply define a goal and do not include baseline data or interim steps for implementing the initiatives necessary to meet this objective.

**Table 4: Objective Three—Implement Customer Wait Time as the Department-wide Logistics Metric**

| Objective/action   | Performance measure | Weakness in components’ plans  |
|--|---------------------|--|
| Implement customer wait time as the Department-wide logistics metric. <ul style="list-style-type: none"><li>• Refine the definition of “customer wait time,” develop appropriate measures, and implement them.</li></ul> | Customer wait time  | The definitions and metrics regarding customer wait time are not consistent. |

The Department considers customer wait time, in general, to be the total elapsed time between issuance of a customer order and satisfaction of that order. However, the capability to capture and to report customer wait time is still under development; and the Department is relying on the individual components to develop a more specific definition of, and a process for measuring, customer wait time. Further, the Department has not identified how it plans to integrate the military components’ efforts. The Logistics Strategic Plan does not define how customer wait time will be calculated or provide information on expected outcomes, such as to what extent customer wait time will be reduced. The capability to capture and report customer wait time is still under development. The Marine Corps, for example, uses retail and wholesale order ship time for all classes of supply. According to the Marine Corps, its order ship time measurement is

identical to the Department’s logistics metric of customer wait time. The Marine Corps believes that implementing customer wait time will not require significant changes in its business process or the way response time is measured. According to the Army, its Single Stock Fund initiative will provide the Army with its initial capability to collect customer wait time data. Initiatives included in the plans submitted by the Defense Logistics Agency and the U.S. Transportation Command did not relate to establishing customer wait time. In addition, the performance measures specified in the other component’s plans are primarily stated objectives and are too broad to measure whether a successful implementation will occur.

**Table 5: Objective Four—Fully Implement Total Asset Visibility Across the Department of Defense**

| Objective/action  | Performance measure    | Weakness in components’ plans  |
|---|------------------------|--|
| Fully implement total asset visibility across the Department of Defense. <ul style="list-style-type: none"><li>• View information on the identity and status of Defense material and assets.</li><li>• In some cases, complete a business transaction using that information.</li></ul> | Total asset visibility | The components are relying on asset visibility systems that have not been fully developed. Consequently, performance targets and measures have not been defined. |

The military components are focusing on achieving 100-percent asset visibility by fiscal year 2006 through the use of automatic identification technology and automated information systems. However, some of the systems that the Department is relying on to achieve that 100-percent visibility may not be fully developed in time to support that schedule. For example, the Army’s Global Combat Support System is expected to substantially improve asset visibility for the warfighter and the logistics support community. This system is being developed in three tiers concurrently—retail, wholesale, and joint integration—but the expected completion date is also fiscal year 2006. The Air Force has tasked the Air Force Audit Agency to perform a series of reviews to determine the continued need for Air Force manual accounts that are targeted for total asset visibility by fiscal year 2004. We noted in our November 2000 report<sup>10</sup> that the Air Force plans to complete these reviews by December 2001. Air Force audit officials stated that the scope of this work has recently

<sup>10</sup> *Defense Inventory: Implementation Plans to Enhance Controls Over Shipped Items Can Be Improved (GAO-01-30, Nov. 15, 2000).*



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changed and that they will likely not complete the work by December 2001.

In many cases, the performance measures will be based on the progress made in achieving the components' individual initiatives to have 100-percent visibility by fiscal year 2006. For example, the Army has outlined several initiatives to meet this goal; but in many cases, no stated performance measures were given. The Defense Logistics Agency states that its sample inventory accuracy for all products in each fiscal year will be greater than or equal to 95 percent and that the depot location accuracy for all products will be greater than or equal to 99 percent. The U.S. Transportation Command did not define a performance measure.

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**Table 6: Objective Five—Reengineer and Modernize Applicable Logistics Processes and Systems**

| Objective/action  | Performance measure                              | Weakness in components' plans   |
|---|--|---|
| Reengineer and modernize applicable logistics processes and systems. <ul style="list-style-type: none"><li>• Develop logistics processes/systems modernization plans by the end of FY 2001.</li><li>• Increase the proportion of modernized logistics business systems according to those plans by the end of fiscal year 2006.</li></ul> | Components' logistics system modernization plans | The components' initiatives are generally not directly linked to the Department-wide Logistics Strategic Plan or to each other. Additionally, the plans generally lack adequate performance measures. |

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With the exception of the U.S. Transportation Command, we found that the components have ongoing initiatives to address objective five. However, the components' individual initiatives are generally not directly linked to the Department's Logistics Strategic Plan or to each other. It appears that the components' initiatives will have limited, if any, interface. For example, the Navy's Transformation Plan outlined 16 objectives to represent a sample of the initiatives that are ongoing throughout the Navy, but it did not indicate how these systems will interface with the other military components. The Air Force has established a Logistics Transformation Team specifically chartered to reengineer overarching Air Force logistics system processes and identify opportunities to increase performance and optimize costs. This team will also develop plans and schedules that will outline the approach for identifying process enhancements for the logistics system and describe the key activities required. However, the plan does not state how the different Air Force systems will be linked with similar systems in the rest of the Department. The Marine Corps has initiated a program called Integrated Logistics Capability to reengineer and modernize its logistics processes and system. The Army's stated solution to logistics software modernization includes

both its Global Combat Support System, which is scheduled to be completed in fiscal year 2006, and its web-based logistics system. The web-based logistics system will transform existing serial, sequenced, batch processing into a real-time set of logistics management systems that will connect enterprises with customers, suppliers, and transportation providers worldwide. The Defense Logistics Agency plans to implement commercial business-based systems and practices.

For objective five, we also found that the military components have not defined adequate performance measures. In most cases, the performance measures will be determined once the initiatives have matured. The Marine Corps states that its detailed schedule for key activities and milestones will identify performance measures and will be finalized by September 2001. For the Navy's 16 initiatives, either no firm decision has been reached for the performance measures; or it will be based on future progress in achieving completion of the Navy's stated objectives.

**Table 7: Objective Six—Minimize Logistics Costs While Meeting Warfighter Requirements**

| Objective/action   | Performance measure                   | Weakness in components' plans   |
|--|---------------------------------------|---|
| Minimize logistics costs while meeting warfighter requirements. <ul style="list-style-type: none"><li>• Reduce the overall costs of logistics support for selected weapon systems by fiscal year 2006.</li></ul> | Weapon system support cost reductions | The plans do not identify which weapon systems the components are focusing on to reduce logistics costs and do not include adequate performance measures. |

Under objective six, the Department is relying on the individual components to reduce the overall costs of logistics support for selected weapon systems. With the exception of the U.S. Transportation Command, which did not address this objective, the components have each outlined initiatives to meet this objective. However, the components did not identify which weapon systems they are focusing on to reduce logistics costs. For example, the Marine Corps has established a Total Ownership Cost Integrated Product Team to identify its total ownership cost methodology and to obtain the necessary data to compute the costs and minimize the logistics costs. The Air Force has a cost savings modernization initiative to identify and highlight cost reduction opportunities and to ensure that the opportunities receive due consideration for funding. The Army initiatives are ongoing, and it plans to reduce the total ownership costs for its weapons.

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In most cases, the components' performance measures were not defined or were under development. The goal is to reduce costs by fiscal year 2006.

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## Conclusions

While the Department of Defense has taken a number of steps toward improving the economy and efficiency of its logistics support systems, its Logistics Strategic plan lacks a realistic and practicable overarching logistics framework to effectively guide the Defense components' logistics planning and implementation efforts. In the absence of a clearly defined, Department-wide logistics strategy, the Department is unable to develop a Defense-wide logistics structure that is both economical and efficient and supports the needs of the warfighter. Furthermore, because the Department's plan and the components' implementation plans lack a comprehensive strategy that addresses the logistics life-cycle process from acquisition through disposal, the Department cannot evaluate and prioritize the initiatives on a Department-wide basis. The Department also faces an increased risk that the Defense components will continue to develop individual initiatives that may not be compatible with each other or may have differing objectives. Furthermore, without detailed performance measures and milestones, the Department will be unable to monitor the progress of its logistics initiatives or ensure that the components' individual initiatives are contributing to meeting the Department's overall objectives.

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## Recommendations for Executive Action

To provide the military services, the Defense Logistics Agency, and the U.S. Transportation Command with a framework for developing a Department-wide approach to logistics reengineering, we recommend that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology, and Logistics to revise the Department-wide Logistics Strategic Plan to provide for an overarching logistics strategy that will guide the components' logistics planning efforts. Among other things, this logistics strategy should

- specify a comprehensive approach that addresses the logistics life-cycle process from acquisition through support and system disposal, including the manner in which logistics is to be considered in the system and equipment acquisition process and how key support activities such as procurement, transportation, storage, maintenance and disposal will be accomplished;

- 
- identify the logistics requirements the Department will have to fulfill, how it will be organized to fulfill these requirements, and who will be responsible for providing specific types of logistics support; and
  - identify the numbers and types of logistics facilities and personnel the Department will need to support future logistics requirements.

We also recommend that the Under Secretary of Defense for Acquisition, Technology and Logistics establish a mechanism for monitoring the extent to which the components are implementing the Department's Logistics Strategic Plan. Specifically, the Under Secretary of Defense for Acquisition, Technology, and Logistics should monitor the extent to which the components' implementation plans are (1) consistent with the Department-wide plan, (2) directly related to the Department-wide plan and to each other, and (3) contain appropriate key management elements, such as performance measures and specific milestones.

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## Agency Comments and Our Evaluation

We received written comments from the Department of Defense, which are reprinted in appendix III. The Department generally agreed with the report and our recommendations.

The Department agreed with our recommendation that the Under Secretary of Defense for Acquisition, Technology, and Logistics should revise the Department-wide Logistics Strategic Plan to provide for an overarching logistics strategy that will guide the components' logistics planning efforts. The Department specifically stated in its comments that the Deputy Under Secretary of Defense (Logistics and Materiel Readiness) will lead the Department in developing a comprehensive Logistics Strategic Plan that incorporates our recommendation, the results of the recent Quadrennial Defense Review, and the logistics requirements of the new National Defense Strategy.

The Department also agreed with our recommendation that the Under Secretary of Defense for Acquisition, Technology, and Logistics should establish a mechanism for monitoring the extent to which the components are implementing the Department's Logistics Strategic Plan. Specifically, the Department stated in its comments that it will establish metrics to

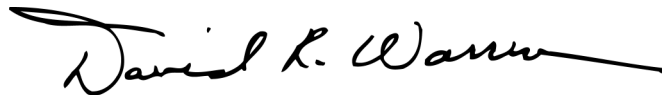
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measure performance of the components' implementation of the Logistics Strategic Plan, within the context of the normal program and budget review cycles.

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We are sending copies of this report to the appropriate congressional committees; the Secretary of Defense; the Secretaries of the Army, the Navy, and the Air Force and the Commandant of the Marine Corps; the Director of the Defense Logistics Agency; the Commander-in-Chief of the U.S. Transportation Command; and the Director of the Office of Management and Budget. We will also make it available at [www.gao.gov](http://www.gao.gov) and to others.

If you or your staff have any questions regarding this report, please contact me at (202) 512-8412. Key contributors to this report were Julia Denman, David Schmitt, Patricia Albritton, and Marjorie J. Hunt.

A handwritten signature in black ink that reads "David R. Warren". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

David R. Warren, Director  
Defense Capabilities and Management

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# Appendix I: Analysis of Military Components' Logistics Transformation and Implementation Plans

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This appendix provides our analysis of the logistics transformation plans and other implementation plans prepared by the military services, the Defense Logistics Agency, and the U.S. Transportation Command as they relate to the Department of Defense's Logistics Fiscal Year 2000 Strategic Plan. The overall objective of the Department-wide plan was to focus the collective attention and resources necessary for achieving the key objectives required to improve the Department's logistics support to the warfighter. The Logistics Strategic Plan includes the following six basic objectives: (1) optimize support to the warfighter, (2) improve strategic mobility to meet warfighter requirements, (3) implement customer wait time as the Department-wide logistics metric, (4) fully implement total asset visibility across the Department of Defense, (5) reengineer and modernize applicable logistics processes and systems, and (6) minimize logistics costs while meeting warfighter requirements.

To support the implementation of the Department's Logistics Strategic Plan, the Department of Defense Reform Initiative 54, dated March 23, 2000, requires the military services, the Defense Logistics Agency, and the U.S. Transportation Command to develop logistics transformation plans to relate the 400 different service-sponsored logistics reengineering initiatives to the Department-wide Logistics Strategic Plan. These plans serve as the primary vehicles for aligning the military component initiatives, obtaining resources, and documenting the approach for achieving the Logistics Strategic Plan goals and objectives. With the exception of the U.S. Transportation Command, each component prepared a transformation plan based on high-level guidance provided by the Department to address the six strategic objectives. The U.S. Transportation Command's plan primarily focused on objective 2—improve strategic mobility to meet warfighter requirements—and, to a lesser extent, objective 4—fully implement joint total asset visibility. The Defense Logistics Agency submitted an annotated agency performance contract that specifically addressed its implementation plan for the Department's six objectives.

The following is both a brief overview of the logistics reengineering initiatives that each of the military services, the U.S. Transportation Command, and the Defense Logistics Agency are individually pursuing and our analyses of how these initiatives related to the Office of the Secretary of Defense's Fiscal Year 2000 Logistics Strategic Plan. The components' implementation plans are embodied in their transformation plans and other related documents.

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## The Military Services

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### Navy

The Navy's focus on High Yield Logistics began several years ago and includes 46 ongoing initiatives in its logistics transformation plan. According to Navy officials, the Navy's vision of logistics transformation is captured in its High Yield Logistics Strategy. However, the Navy is using its logistics transformation plan as the tool to meet the challenge and address all aspects of logistics transformation required under the Department of Defense's Reform Initiative #54. These initiatives, however, do not directly link with the other components' initiatives. For example, the Navy's four ongoing initiatives to support how it plans to implement customer wait time, objective three, do not relate to the other components' initiatives regarding customer wait time. While the Navy was scheduled to begin collecting data to define customer wait time after the Logistics Reform Senior Steering Group met in June 2000, this initiative is still in process. Additionally, the Navy has implemented a "Response to Failure"<sup>1</sup> metric, which the Navy is synonymous with customer wait time. The Response to Failure metric has been prototyped and developed for use by cognizant fleet and Headquarters staff. However, the specific goals for Response to Failure man-hours by fiscal year are under development. The Navy also plans to utilize the Logistics E-Business Concept of operations to integrate e-business interfaces, applications and data environments. The Navy has not developed, however, any performance measures to monitor the success of implementing these initiatives.

The Navy outlined six ongoing initiatives in its transformation plan as a sample of the efforts that it has underway to support fully implementing objective four, total asset visibility across the Department. These initiatives include, among others, (1) the Navy's Total Asset Visibility Strategic Plan, (2) fielding the Transportation Coordinator Automated Information for Movement System II system throughout the Navy shore commands, (3) developing a serial number tracking capability for Naval Aviation, and (4) establishing a Military Sealift Command Total Asset Visibility System. However, the Navy's success in implementing some of these ongoing initiatives will be governed by other military components. For example, the Navy plans to field the Transportation Coordinator Automated Information for Movement System II throughout the Navy by

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<sup>1</sup> The Navy defines "Response to Failure" as the total time that maintenance personnel wait for material.

fiscal year 2002. However, we reported in November 2000<sup>2</sup> that the Army has encountered delays in developing this system and does not expect to complete fielding it until September 2007, which may be further delayed due to a reported critical \$22.7-million unfunded software development requirement. The Army's Transformation Plan indicates that some of these requirements are still unfunded. The Transportation Coordinator Automated Information for Movement System II system will also have a direct link to the Global Transportation Network that will be relying on more than 20 Defense automated logistics systems to provide data that our prior reports and Department of Defense audit reports have found inaccurate.

With regard to reengineering and modernizing applicable logistics processes/systems, the Navy outlined 16 objectives to represent a sample of ongoing initiatives, such as Enterprise Resource Planning, Technical Publications Lifecycle processes, and update and revise Military Sealift Command Logistics Systems Procedures. However, it is not clear how these initiatives will correlate with the initiatives of other components.

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## Marine Corps

The Marines Corps' current logistics effort began several years ago when it grouped enhancements in its logistics community under the title "Precision Logistics." Marine Corps officials stated that the Precision Logistics concept embodies its logistics evolution effort because its principal priorities are to improve equipment readiness, enhance distribution and joint warfighting capabilities, and develop a robust command and control capability. The Marine Corps has also developed the Marine Corps Logistics Campaign Plan that is considered a "living document" designed to evolve the Marine Corps' current and future external logistics requirements and opportunities. This plan is supposed to provide the necessary overarching framework, guidance, strategies, specific goals, objectives, and tasks to successfully evolve Marine Corps logistics. The Marine Corps also included some of its current and emerging capabilities in its Transformation Plan to address the objectives in the Department of Defense's Plan. However, the Marine Corps did not specify in its Transformation Plan how it would coordinate its efforts with the other components. For example, to implement objective three—customer wait time—the Marine Corps is using retail and wholesale order ship time instead for all classes of supply. The Marine Corps believes, however, that

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<sup>2</sup> [GAO-01-30](#), Nov. 15, 2000.



its retail and wholesale order ship time measurement is identical to the Department-wide customer wait time logistics metric and will not require significant changes in its process or the way response time is measured. However, it will require new tools to capture customer wait time rather than order ship time data. The Navy is establishing baseline data based on its current performance.

To fully implement objective four, total asset visibility, the Marine Corps plans to develop and field total asset visibility/in-transit visibility systems along with the automatic identification technology to support the identification and processing of materiel within the supply and distribution pipeline. During 1998, the Marine corps initiated a program—Integrated Logistics Capability—to reengineer and modernize its logistics processes and systems.

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## Army

The Army plans to synchronize its logistics transformation with the overall Army Force transformation, which is expected to be completed by about 2010. The Army Force transformation is a three-phased approach to develop a consistent, Army-wide force structure. According to Army officials, while there are many Army-wide supporting plans, the plans most critical to the success of logistics transformation are its Strategic Logistics Plan and Combat Support/Combat Service Support Transformation Campaign Plan. The Army's Strategic Plan includes initiatives from all elements of the Army's logistics community. In order to define customer wait time, the Army is relying on an ongoing effort—the Single Stock Fund initiative—that is intended to provide the Army with the initial capability to collect customer wait time data. According to the Army, the Global Combat Support System will be the platform for the customer wait time data collection and dissemination. However, this system is being developed in three tiers and the expected completion date for fielding this system is not until fiscal year 2006. To fully implement Total Asset Visibility, the Army plans to achieve this objective through the use of its automatic identification technology/automated information systems and transformed business practices. The Army is also relying on the Global Combat Support System that is being used to define customer wait time as the solution to the Army's logistics software modernization but as mentioned earlier, the fielding of this system is not scheduled for completion until fiscal year 2006.

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## Air Force

The Air Force integrated several of its ongoing initiatives into its Transformation Plan to meet the Department of Defense's objectives.

However, it is uncertain as to how the actions the Air Force has taken will achieve a successful overarching framework. For example, the Air Force plans to measure customer wait time starting with the logistics pipeline documentation of a requisition by a customer to receipt of the asset by the customer to include retail transactions. However, it does not indicate how this action will link with the other components or how this objective will be assessed, since the metrics have not been defined. To implement the Joint Total Asset Visibility concept, the Air Force plans to rely on a series of ongoing studies being conducted by the Air Force Audit Agency, in response to section 349 of the National Defense Authorization Act for Fiscal Year 1999, to assess its policies, procedures, and business practices regarding controls over assets. Additionally, the Air Force has established a Logistics Transformation Team specifically designed to create an overarching logistics system process and identify opportunities to increase performance and optimize costs. The Air Force is relying on this team to develop a set of plans and schedules that will outline the approach for identifying logistics system process enhancements. However, none of the Air Force actions indicates a successful coordination with the other components.

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## Defense Logistics Agency

To meet the Department of Defense's goals, the Defense Logistics Agency annotated its Fiscal Years 2001 through 2005 Performance Contract sorted by the objectives outlined in Department's Logistics Strategic Plan. According to officials, the agency's basic mission, operations, authority, or reporting chain was not altered in any way. However, according to these officials, only two of the six objectives were in line with the Defense Logistics Agency's operations and easy to address. These were objective three—implementing customer wait time—and objective four—total asset visibility. Officials stated that these two objectives were easy to support due to the way the Defense Logistics Agency does its business. Additionally, the Defense Logistics Agency plans to develop a “balanced scorecard” approach to measure its strategic performance. According to officials, this approach will allow the agency to more closely align its performance indicators used to measure its strategic goals and objectives that support logistics transformation. However, the agency's actions defined do not show a correlation to the Department's overall objective. For example, to implement customer wait time, the Defense Logistics Agency states that it will consistently provide responsive, best-value supplies and services to its customers. Specifically, the logistics response time reliability for “supply–non-energy materials” will improve over the program period to reflect greater percentages of requisitions processed within shorter timeframes. To fully implement objective four, total asset

visibility, the Defense Logistics Agency plans to sample inventory accuracy for all products, as determined by a statistical sampling in each fiscal year. The sampling accuracy is expected to be greater than or equal to 95 percent. The agency plans to shift to commercial practices for its hardware, energy, and troop support items as a way to reengineer/modernize its applicable logistics processes/systems.

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## U.S. Transportation Command

The U.S. Transportation Command used its 1999 Strategic Plan to implement the Department of Defense's Logistics Strategic Plan and develop its Logistics Transformation Plan. The Command's plan consists of two parts: (1) the Strategic Guidance, which identifies the Command's mission, vision and long-term goals for executing each of its five core processes, and the Strategic Objectives, which must be accomplished to ensure the vision is met, and (2) the Corporate Resource Plan, which is intended to link the long-term goals and objectives, strategies and various resources needed to accomplish the goals and objectives, and an avenue to evaluate, establish, and revise strategic goals and objectives. The Command incorporated a table in its transformation plan to depict the Command's strategic objectives and how they support the Department of Defense's Logistics Strategic Plan objectives. Of the six objectives, the Command primarily focused on two—objective two—improving strategic mobility to meet warfighter requirements—and to a lesser extent, how it plans to fully implement objective four—total asset visibility. However, the Command has not identified in its plan how the actions it plans to implement will be coordinated with those of the other components.

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# Appendix II: Scope and Methodology

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To assess the Department of Defense's logistics strategic planning process, we reviewed the Department's August 1999 Logistics Strategic Plan and the various logistics transformation plans prepared by the military services, the Defense Logistics Agency, and the U.S. Transportation Command. We met with officials in the Office of the Secretary of Defense, each of the military services, the Defense Logistics Agency, and the U.S. Transportation Command to discuss these various planning documents and the Department's planning approach. We also relied on our prior work regarding logistics planning and reengineering.

Our review of the logistics strategic planning process focused on the Department's Logistics Strategic Plan because the purpose of this plan was to provide an overall Defense-wide corporate direction for accomplishing the Department's logistics mission. To determine whether this plan provides an adequate overarching logistics strategy to guide logistics reengineering initiatives, we analyzed the contents of the plan and the extent to which it contained the elements we believe are necessary for focusing current and future initiatives. Specifically, we assessed whether the plan included an appropriate definition of (1) the future role of logistics in supporting the operational forces; (2) how the Department should be organized and staffed to fulfill its logistics mission; and (3) the types of capabilities, facilities, and systems that will likely be needed to meet future logistics requirements. We also reviewed the status of the Department's long-range logistics architecture initiative because the intent of this initiative is to identify the framework for logistics support for the years 2010 and beyond. Specifically, we met with officials in the Office of the Deputy Under Secretary of Defense for Logistics Architecture and of the Science Applications International Corporation to discuss the objectives, status, and future plans for this project. These officials provided us with the basic principles and long-range vision of the logistics architecture initiative and discussed with us the current status and proposed milestones for this project.

To determine whether the components' related implementation plans are likely to result in overall improvements to the economy and efficiency of logistics activities, we reviewed the plans, comparing the objectives and planned actions outlined in each of the various transformation plans and other logistics reengineering initiatives. Our review concentrated on determining whether there was a direct linkage among the various plans and initiatives and whether the objectives and actions outlined in these documents represented a coordinated approach to logistics reengineering on a department-wide basis. Specifically, we reviewed the components' implementation plans to determine the extent to which these plans are (1)

consistent with the Defense-wide plan, (2) directly related to the Defense-wide plan and to each other, and (3) contain appropriate key management elements. We also reviewed the various plans to determine whether they contained an appropriate management framework for implementation. For these analyses, we used the requirements of the Government Performance and Results Act, commonly referred to as the Results Act, as a model for the types of information the plans should contain. We compared the contents of the plans and the requirements of the Results Act. Additionally, we reviewed the plans in terms of outcome-oriented Results Act principles and identified areas in which they could be improved to achieve successful implementation. Congressional reports and administrative guidance regarding the Results Act indicate that activities such as strategic planning should be subject to the outcome-oriented principles of the Results Act. We did not assess the merits of the Department's proposed actions or the likelihood of success for these actions.

We conducted our review from January to May 2001 in accordance with generally accepted government auditing standards.

# Appendix III: Comments From the Department of Defense



DUSD(L&MR)/LP&P

DEPUTY UNDER SECRETARY OF DEFENSE FOR  
LOGISTICS AND MATERIEL READINESS  
3500 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3500

SEP 20 2001

Mr. David R. Warren  
Director, Defense Capabilities and Management  
U.S. General Accounting Office  
Washington, D.C. 20548

Dear Mr. Warren,

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft report, "DEFENSE LOGISTICS: Strategy Planning Weaknesses Leave Economy, Efficiency, and Effectiveness of Future Support Systems at Risk" August 17, 2001 (GAO Code 350037).

The Department generally concurs with the report. The detailed DoD comments on the draft GAO report recommendations are provided in the enclosure.

Sincerely,

A handwritten signature in cursive script, appearing to read "Diane K. Morales", is written over the typed name.

Diane K. Morales

Enclosure



GAO CODE 350037/GAO-01-1059

**“DEFENSE LOGISTICS: STRATEGY PLANNING WEAKNESSES  
LEAVE ECONOMY, EFFICIENCY, AND EFFECTIVENESS  
OF FUTURE SUPPORT SYSTEMS AT RISK”**

**DEPARTMENT OF DEFENSE COMMENTS  
TO THE RECOMMENDATIONS**

**RECOMMENDATION 1:** The GAO recommended that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology, and Logistics to revise the Department-wide Logistics Strategic Plan to provide for an overarching logistics strategy that will guide the components’ logistics planning efforts. (Page 16/Draft Report). Among other things, this logistics strategy should

- specify a comprehensive approach that addresses the logistics life-cycle process from acquisition through support and system disposal, including the manner in which logistics is to be considered in the system and equipment acquisition process and how key support activities such as procurement, transportation, storage, maintenance and disposal will be accomplished.
- identify the logistics requirements the Department will have to fulfill, how it will be organized to fulfill these requirements, and who will be responsible for providing specific types of logistics support.
- identify the numbers and types of logistics facilities and personnel the Department will need to support future logistics requirements.

**DoD RESPONSE:** Concur. The Deputy Under Secretary of Defense (Logistics and Materiel Readiness) will lead the Department in developing a comprehensive Logistics Strategic Plan that incorporated the above recommendation, the results of the recent Quadrennial Defense Review, and the logistics requirements of the new National Defense Strategy.

**RECOMMENDATION 2:** The GAO recommended that the Under Secretary of Defense for Acquisition, Technology, and Logistics establish a mechanism for monitoring the extent to which the components are implementing the Department’s Logistics Strategic Plan. (Page 16/Draft Report). Specifically the Under Secretary of Defense for Acquisition, Technology, and Logistics should monitor the extent to which the components’ implementation plans are

- consistent with the Department-wide plan.
- directly related to the Department-wide plan and to each other. (Page 16/Draft Report).
- contain appropriate key management elements, such as performance measures and specific milestones.

**DoD RESPONSE:** Concur. The Department will establish metrics to measure performance of the components' implementation of the Logistics Strategic Plan, within the context of the normal program and budget review cycles.



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# Related GAO Products

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*Actions Needed to Overcome Capability Gaps in the Public Depot System* ([GAO-01-612](#), Oct. 2001).

*Defense Maintenance: Sustaining Readiness Support Capabilities Requires a Comprehensive Plan* ([GAO-01-533T](#), Mar. 23, 2001).

*Major Management Challenges and Program Risks: Department of Defense* ([GAO-01-244](#), Jan. 2001).

*Defense Inventory: Implementation Plans to Enhance Controls Over Shipped Items Can Be Improved* ([GAO-01-30](#), Nov. 15, 2000).

*Defense Logistics: Actions Needed to Enhance Success of Reengineering Initiatives* ([GAO/NSIAD-00-89](#), June 23, 2000).

*Defense Inventory: Plan to Improve Management of Shipped Inventory Should Be Strengthened* ([GAO/NSIAD-00-39](#), Feb. 22, 2000).

*Defense Inventory: DOD Could Improve Total Asset Visibility Initiative With Results Act Framework* ([GAO/NSIAD-99-40](#), Apr. 12, 1999).

*Performance and Accountability Series: Major Management Challenges and Program Risks – Department of Defense* ([GAO/OCG-99-4](#), Jan. 1999).

*High-Risk Series: An Update* ([GAO/HR-99-1](#), Jan. 1999).

*Defense Inventory Management: Problems, Progress, and Additional Actions Needed* ([GAO/T-NSIAD-97-109](#), Mar. 20, 1997).

*High-Risk Series: Defense Inventory Management* ([GAO/HR-97-5](#), Feb. 1997).



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